

WASHINGTON, D. C. 20505

SSCI Contact

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6 August 1976

Honorable Adlai E. Stevenson, Chairman
Subcommittee on Intelligence Collection,
Production and Quality
Select Committee on Intelligence
United States Senate
Washington, D. C. 20510

Dear Mr. *Adlai* Chairman:

Reference is our conversation during breakfast today concerning the Tad Szulc article. I am enclosing a copy of comments which Admiral Murphy, my Deputy for the Intelligence Community, provided me as his reaction to the article.

I subscribe fully to these comments and trust that they will respond to the concerns which you expressed.

Sincerely,

George Bush
George Bush

Enclosure:
as stated

The meeting was A-1!
Thanks. GB

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SA-D/DCI/IC/

(6 August 76)

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EXCERPT FROM 16 JULY 1976 MEMORANDUM TO THE DCI FROM
ADMIRAL DANIEL J. MURPHY, DEPUTY TO THE DCI FOR THE
INTELLIGENCE COMMUNITY, CONCERNING THE TAD SZULC ARTICLE
IN THE NEW REPUBLIC FOR 24 JULY 1976

1. I am very concerned about the misleading impressions that readers will get from the Tad Szulc article in the New Republic. He has woven some facts with some blatant inaccuracies and come up with a completely erroneous judgment on the effect of the President's Executive Order.

2. His going-in premise is wrong. He assumes that the DCI, prior to the Executive Order, had sufficient authority to run the Intelligence Community. The fact is that in the past the DCI had the title but not the authority to control resource allocation outside of his own agency, the CIA. The President's Executive Order now directs the DCI and gives him the authority to control the total budget for the National Foreign Intelligence Program. It further directs that after he has pulled together this budget, he present it to the Committee on Foreign Intelligence for their review. All previous attempts to actually control the budget process by the DCI have failed because of a lack of teeth in the directives which gave the DCI resource allocation responsibility.

3. The charge that military control over national intelligence appears likely under the new organization is ridiculous. All members of the CFI are civilians. All the top policy positions in the Defense Department are held by civilians. If anything, the feeling within the military is that their position has been downgraded as far as national intelligence is concerned.

4. As one reads the article, there are many inaccuracies that pop out:

a. The DCI is not sharing his authority with Ellsworth. He, in fact, has assumed much of the authority that previously was vested in the Secretary of Defense.

b. It is true that the power of the purse is very effective and that power now rests more with the DCI than ever before. It is true that the Defense Department budgets for the lion's share of national intelligence, but this is an operating convenience. The decisions are made by the DCI and the CFI.

c. There is no lessening of CIA's position in policy-making -- the CIA is not in the business of making policy.

d. The Defense reorganization in intelligence streamlines and strengthens that organization but does not in any way reduce the DCI's control over the Intelligence Community. As a matter of fact, Defense Intelligence is just one of the many members of the Intelligence Community under the direction of the DCI.

e. The Executive Order, rather than lead to an "ascendancy" by the Pentagon, actually reduces the power the Pentagon held prior to this Order. The President intended, and actually has, reinforced the DCI's position as head of the Community. He continues to have direct access to all members of that Community. Helms' failure to carry out his mandate as DCI was due not to lack of interest but to lack of authority. That has been corrected by the Executive Order.

f. On the subject of appeal to the President, only Rumsfeld as the Secretary of Defense and the DCI can appeal under the provisions of the Executive Order. This provision does not apply to Ellsworth and Hyland. Other members of the NSC may also appeal.

g. The CFI does not replace the USIB. As a matter of fact, the only change made to the USIB was one of title. It is now called the National Foreign Intelligence Board and has the same responsibility that it had in the past. The NFIB is not set up under the CFI. The DCI continues to rely heavily on the NFIB (previously called USIB).

h. The reorganization of intelligence in the Defense Department does not isolate military intelligence agencies from DCI control. The DCI deals directly with these agencies on both policy matters and resource allocation. There is no organization or mechanism that prevents the DCI from dealing directly with General Lew Allen. As a matter of courtesy, communications with Defense agencies are passed via the Secretary of Defense with copies of the correspondence going directly to the heads of the various agencies.

i. Regarding the unprecedented authority of Knoche, a deputy's authority and responsibilities are determined by the DCI. The DCI has made it clear that he intends to run CIA and that Hank Knoche will carry out those responsibilities that he, the DCI, directs.

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The Ascendant Pentagon

Freezing Out the CIA

by Tad Szulc

The Pentagon is emerging as the principal force in the management of US foreign intelligence, gradually displacing the Central Intelligence Agency from its traditional preeminent position, as a result of the implementation of President Ford's plan to reorganize the intelligence community. This little-noticed power shift may, in the opinion of numerous specialists, have an adverse effect on the quality of US intelligence.

Under Ford's reorganization, based on the Presidential Executive Order of February 18, the Director of the CIA (currently George Bush) remains in name the chief

intelligence adviser to the President. The law provides that the CIA director act simultaneously as Director of Central Intelligence (DCI), heading the entire civilian and military intelligence community. In practice, however, there are growing indications that Bush, as DCI, is being forced to share his authority with the Pentagon's top intelligence official, the new Deputy Secretary of Defense, Robert Ellsworth.

In part this is so because Ford, wishing to centralize the control of intelligence in the President's office and the National Security Council after all the abuses of the

past, has effectively diminished the DCI's influence in the allocation of resources to the various arms of the intelligence community. It is the power of the purse that counts in operational policy-making, and the Pentagon—running the huge National Security Agency (NSA) and the Defense Intelligence Agency (DIA) among other military intelligence operations—holds the lion's share of the total multibillion-dollar intelligence budget.

The other reason is that the Defense Department, interpreting in its own way the presidential Executive Order, has recently streamlined, expanded and strengthened its intelligence apparatus in a way that many intelligence community officials see as an "end run" by the military, designed ultimately to lessen the CIA's position in policy-making and its impact on the elaboration of fundamental intelligence estimates. New lines of authority were drawn in a manner likely to reduce the DCI's direct control over such agencies as the NSA and the DIA. The Pentagon's internal intelligence reorganization was completed on July 6, when a new organizational chart was circulated internally; there was no publicity about it.

In the developing controversy over Ford's reorganization plan—and, especially, the Pentagon's role in it—at stake is whether civilian control of the US intelligence process, as represented by the CIA, can be maintained or supplanted in practice by the military viewpoint. The picture is still quite blurred; the new system is not yet fully understood in the intelligence community, and it is too early to offer final conclusions.

Aside from the CIA's monumental wrongdoing in the past in covert operations abroad and illegal domestic intelligence activities, the Agency has a superior track record to the military in analyzing and interpreting foreign intelligence. US foreign policy decisions are often based on intelligence assessments.

To take two major recent examples, the CIA was basically right and the military agencies wrong in the 1969 controversy over the timing of Soviet MIRVing of its missiles; likewise the CIA estimates during the Vietnam war, both about conditions in South Vietnam and the impact of US bombings of North Vietnam, were more realistic than the DIA's gung-ho judgments. Unfortunately neither Johnson nor Nixon listened to the CIA. During the preparations for the 1970 Cambodian invasion, the CIA was hardly consulted (though Richard Helms, then CIA director, made an ambiguous presentation at the crucial National Security Council meeting) and the intelligence community as a whole was not asked to prepare a National Intelligence Estimate on the subject. Instead, Nixon and Henry Kissinger depended entirely on the opinions of the DIA, the Joint Chiefs of Staff, and the US command in Saigon.

The present concern is that the Pentagon's ascendancy in the intelligence process may tend to further shut out the CIA's analytical voice and to complicate, rather than improve, the method of allocating money for intelligence.

Ironically, Ford started out intending to reinforce the DCI's position, which had become considerably eroded when Allen W. Dulles left the agency in 1962. He was the last strong CIA Director. On the one hand, the growth of intelligence technology, such as the use of "spy-in-the-sky" satellites for observation over the Soviet Union, China and elsewhere, inevitably threw more resources—and influence—to the Pentagon and its specialized agencies like the NSA and the National Reconnaissance Office (NRO) although the CIA retained an intelligence coordinating role. At the same time the DCI's working relationship with the rest of the intelligence community was rather ill-defined although, theoretically, he headed it. Personality problems aggravated things. (Helms, for example, had virtually no access to Nixon in the last years.) What existed, then, was a collection of intelligence fiefdoms, all autonomous in such matters as drawing up their secret budgets for congressional authorization. For the most part, Congress did not know what it was approving because requested intelligence funds were concealed in other budgetary line items. As a power vacuum developed in the intelligence community, Henry Kissinger moved in 1970 to become the *de facto* boss of US intelligence.

Nixon tried in 1971 to strengthen the DCI through an executive order issued on November 5 (it was drafted by James R. Schlesinger who later became CIA director and Defense Secretary). This order vested in the DCI the power to present a consolidated budget for the whole intelligence community. Reviewing the CIA's history this year, the Senate Intelligence Committee applauded this move on the grounds that a strong DCI was essential for the community's work. However, Helms, when he held the job of DCI, failed to carry out his mandate. The Intelligence Community, already in disarray because of the emerging scandals, has been drifting ever since.

Ford's executive order last February abandoned the 1971 concept to divide the budget-making responsibility among Bush as DCI, Ellsworth as the Pentagon's delegate, and William Hyland, the deputy to the White House Assistant for National Security Affairs. Bush was described as the top "manager" of this new group known as the Committee on Foreign Intelligence, but because Ford did not want an intelligence "czar," Ellsworth and Hyland can appeal Bush's decisions directly to the President.

Besides its resource allocation responsibility, this three-man panel acts as the steering committee for the intelligence community, replacing the former United States Intelligence Board, which was headed by the DCI and on which all the agencies were represented. Despite the language in Ford's Executive Order, many intelligence officials see Bush as simply *primus inter pares*.

continued

With the Pentagon's Ellsworth sharing equally in the committee's responsibilities. This is one aspect of the Pentagon's upgrade of its intelligence.

Below the Committee on Foreign Intelligence, a larger body was set up under Bush for operational coordination. This is the National Foreign Intelligence Board on which all the intelligence agencies are represented. But it lacks the policy powers of the old US Intelligence Board.

Bush, of course, is helped by his easy access to Ford, but the next DCI may not have the same relationship with the next President, and this is where the new system may be damaging to the CIA and advantageous to the military now that a new institutional structure has been built. The Pentagon also has direct access to the President through the Secretary of Defense, personally and through his membership in the National Security Council. The DCI is not a statutory NSC member.

The Pentagon began restructuring itself for its new intelligence role last May when Defense Secretary Rumsfeld issued new directives. Accordingly, Ellsworth was named to the post of a second Deputy Secretary of Defense (William Clements is the other deputy) with intelligence as his principal responsibility. This changed the command structure in the military intelligence community. Until then, Pentagon intelligence was coordinated on a daily basis by the Assistant Secretary of Defense for Intelligence, a lower post than Ellsworth's current deputyship. Formerly, NSA and DIA directors reported directly to the Defense Secretary although the DIA also responded to the Joint Chiefs of Staff. Rumsfeld and Ellsworth have devised new lines of authority.

In expanding the military intelligence system, Ellsworth, as the Pentagon's top intelligence manager, created the new post of Director of Defense Intelligence to be held concurrently by the Assistant Secretary of Defense for Intelligence (this spot has not yet been permanently filled). The Director of the DIA (Gen. Samuel C. Wilson) now reports to Rumsfeld through Ellsworth and through the new Director of Defense Intelligence (Thomas K. Lattimer is the acting director in his capacity as Acting Assistant Secretary for Intelligence). Also created was the Defense Intelligence Board headed by Ellsworth. The board has three specialized subordinate bodies.

More significantly, the Director of the huge National Security Agency henceforth reports to Rumsfeld through Ellsworth and the new Director of Defense Intelligence rather than directly. So does the Director of Air Force Special Programs, which runs the spy satellite operations. The Defense Intelligence Agency has been streamlined and apparently enjoys less autonomy.

The Pentagon is

tion, which has proceeded steadily since May, serves the purpose of centralizing and, therefore, improving the quality of the Defense Department's intelligence output. In a sense, that's true. Ellsworth's elevation and the creation of the post of Director of Defense Intelligence, however, are also having the effect of isolating military intelligence agencies from George Bush's direct control in his DCI capacity, according to many intelligence officials. In the crucial case of the NSA, for example, Bush has to deal with it on policy matters through Ellsworth, his colleague on the Committee on Foreign Intelligence, and through the Director of Defense Intelligence. On operational matters, Bush can deal with the NSA through the CIA's Intelligence Community Staff which is headed by Vice Adm. Daniel Murphy. But the DCI no longer has direct policy access to NSA's Director Gen. Lew Allen. In other words, a series of filters have been established between Bush and the military agencies.

A senior intelligence official, who believes that the new Pentagon system is more rational and efficient, recognizes nevertheless that it poses a serious threat to civilian management of the intelligence community. "Basically, it will depend on the people involved to see what the reorganization does to the intelligence community," he says.

Bush is believed to be satisfied with the existing state of affairs, but that's because he and Ellsworth enjoy an excellent working relationship. As another intelligence official remarks, "today it works because Bush and Ellsworth are reasonable people. But things could get out of hand if there's someone else in Ellsworth's place. There are built-in problems in this whole new system—and all this may well play to the advantage of the military who've always wanted to dominate intelligence."

The contradictions in the Ford reorganization plan include the fact that the DCI—Bush—has been spared the responsibility for running the CIA on a day-to-day basis because of the appointment of a new CIA Deputy Director, E. Henry Knoche, who enjoys unprecedented authority. The idea was that the DCI should have the freedom to run the overall intelligence community. Yet, at the same time, he has been weakened in the central area, the budgetary power held by the Committee on Foreign Intelligence.

In addition to Knoche, a veteran of 23 years in intelligence analysis (this is the first time that neither of the CIA's two top jobs are filled by officials from the clandestine services), Bush has named a new high-level team of men highly regarded in the profession. The new Deputy Director for Operations (clandestine services) is William Wells. The Deputy Director for Intelligence is Sayre Stevens, a specialist in science and technology. So, the CIA appears to be improving professionally; the agency's big problem in the future, however, is the rise of the Pentagon as the increasingly

powerful voice in US intelligence